

105TH CONGRESS  
1ST SESSION

# H. R. 318

To amend the Internal Revenue Code of 1986 to provide a Federal income tax credit for tuition.

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IN THE HOUSE OF REPRESENTATIVES

JANUARY 7, 1997

Mr. SOLOMON introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide a Federal income tax credit for tuition.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Tuition Tax Credit  
5       Act of 1997”.

6       **SEC. 2. TAX CREDIT FOR TUITION.**

7       (a) IN GENERAL.—Subpart A of part IV of sub-  
8       chapter A of chapter 1 of the Internal Revenue Code of  
9       1986 (relating to nonrefundable personal credits) is

1 amended by inserting after section 23 the following new  
2 section:

3 **“SEC. 24. TUITION TAX CREDIT.**

4       “(a) GENERAL RULE.—In the case of an individual,  
5 there shall be allowed as a credit against the tax imposed  
6 by this chapter for the taxable year, the amount, deter-  
7 mined under subsection (b), of the educational expenses  
8 paid by him during the taxable year to one or more eligible  
9 educational institutions for himself, his spouse, or any of  
10 his dependents (as defined in section 152).

11       “(b) LIMITATIONS.—

12               “(1) AMOUNT PER INDIVIDUAL.—The credit  
13 under subsection (a) for the educational expenses of  
14 any individual paid in any taxable year shall be  
15 equal to so much of such expenses paid with respect  
16 to such individual as does not exceed \$1,000.

17               “(2) PRORATION OF CREDIT WHERE MORE  
18 THAN ONE TAXPAYER PAYS EXPENSES.—If edu-  
19 cational expenses of an individual are paid by more  
20 than one taxpayer during any calendar year, the  
21 credit allowable to each such taxpayer under sub-  
22 section (a) for any taxable year beginning in such  
23 calendar year shall be the same portion of the credit  
24 determined under paragraph (1) for such calendar  
25 year which the amount of educational expenses of

1 such individual paid by the taxpayer during such  
2 calendar year is of the total amount of educational  
3 expenses of such individual paid during such cal-  
4 endar year by all such taxpayers.

5 “(c) DEFINITIONS.—For purposes of this section—

6 “(1) EDUCATIONAL EXPENSES.—The term  
7 ‘educational expenses’ means amounts paid for—

8 “(A) tuition and fees required for the en-  
9 rollment or attendance of a student at an eligi-  
10 ble educational institution, and

11 “(B) fees, books, supplies, and equipment  
12 required for courses of instruction at an eligible  
13 educational institution.

14 Such term does not include any amount paid, di-  
15 rectly or indirectly, for meals, lodging, or similar  
16 personal, living, or family expenses. In the event an  
17 amount paid for tuition or fees includes an amount  
18 for meals, lodging, or similar expenses which is not  
19 separately stated, the portion of such amount which  
20 is attributable to meals, lodging, or similar expenses  
21 shall be determined under regulations prescribed by  
22 the Secretary.

23 “(2) ELIGIBLE EDUCATIONAL INSTITUTION.—

24 The term ‘eligible educational institution’ means—

25 “(A) an institution of higher education,

1 “(B) a vocational school,

2 “(C) a secondary school, or

3 “(D) an elementary school.

4 “(3) INSTITUTION OF HIGHER EDUCATION.—

5 The term ‘institution of higher education’ means the  
6 institutions described in section 1201(a) or 481(a)  
7 of the Higher Education Act of 1965.

8 “(4) VOCATIONAL SCHOOL.—The term ‘voca-  
9 tional school’ means an area vocational education  
10 school as defined in section 521(3) of the Carl D.  
11 Perkins Vocational Education Act.

12 “(5) ELEMENTARY AND SECONDARY  
13 SCHOOLS.—The terms ‘elementary school’ and ‘sec-  
14 ondary school’ mean, respectively, any elementary or  
15 secondary school (as defined in section 14101 of the  
16 Elementary and Secondary Education Act of 1965)  
17 which is privately operated but only if it is—

18 “(A) accredited or approved under State  
19 law (or, in the case of school in a State which  
20 has no procedure for the accreditation or ap-  
21 proval of privately operated schools, which  
22 meets the requirements of State law relating to  
23 compulsory school attendance), and

1                   “(B) exempt from taxation under section  
2                   501(a) as an organization described in section  
3                   501(c)(3).

4                   The terms ‘elementary school’ and ‘secondary school’  
5                   include facilities which offer education for individ-  
6                   uals who are physically or mentally handicapped as  
7                   a substitute for public elementary or secondary edu-  
8                   cation.

9                   “(d) SPECIAL RULES.—

10                   “(1) ADJUSTMENT FOR CERTAIN SCHOLAR-  
11                   SHIPS AND VETERANS BENEFITS, ETC.—The  
12                   amounts otherwise taken into account under sub-  
13                   section (a) as educational expenses of any individual  
14                   during any period shall be reduced (before the appli-  
15                   cation of subsection (b)) under rules similar to the  
16                   rules of section 135(d)(1).

17                   “(2) ELIGIBLE COURSES.—Amounts paid for  
18                   educational expenses of any individual shall be taken  
19                   into account under subsection (a) only to the extent  
20                   such expenses—

21                   “(A) are attributable to courses of instruc-  
22                   tion offered by an elementary or secondary  
23                   school, or

1           “(B) are attributable to courses of instruc-  
2           tion for which credit is allowed toward a bacca-  
3           laureate degree by an institution of higher edu-  
4           cation or toward a certificate of required course  
5           work at a vocational school and are not attrib-  
6           utable to any graduate program of such individ-  
7           ual.

8           “(3) INDIVIDUAL MUST BE AT LEAST HALF-  
9           TIME STUDENT.—No credit shall be allowed under  
10          subsection (a) for amounts paid during the taxable  
11          year for educational expenses with respect to any in-  
12          dividual unless that individual, during any 4 cal-  
13          endar months during the calendar year in which the  
14          taxable year of the taxpayer begins, is at least a  
15          half-time student at an eligible education institution.

16          “(4) SPOUSE.—No credit shall be allowed under  
17          subsection (a) for amounts paid during the taxable  
18          year for educational expenses for the spouse of the  
19          taxpayer unless—

20                 “(A) the taxpayer is entitled to an exemp-  
21                 tion for his spouse under section 151(b) for the  
22                 taxable year, or

23                 “(B) the taxpayer files a joint return with  
24                 his spouse for the taxable year.

1       “(e) DISALLOWANCE OF EXPENSES AS DEDUC-  
 2 TION.—No deduction shall be allowed under section 162  
 3 (relating to trade or business expenses) for any edu-  
 4 cational expense which (after the application of subsection  
 5 (b)) is taken into account in determining the amount of  
 6 any credit allowed under subsection (a). The preceding  
 7 sentence shall not apply to the educational expenses of any  
 8 taxpayer who, under regulations prescribed by the Sec-  
 9 retary, elects not to apply the provisions of this section  
 10 with respect to such expenses for the taxable year.

11       “(f) REGULATIONS.—The Secretary shall prescribe  
 12 such regulations as may be necessary to carry out the pro-  
 13 visions of this section.”

14       (b) CLERICAL AMENDMENT.—The table of sections  
 15 for such subpart A is amended by inserting after the item  
 16 relating to section 23 the following new item:

“Sec. 24. Expenses of higher education.”

17       (c) EFFECTIVE DATE.—The amendments made by  
 18 this section shall apply to taxable years beginning after  
 19 December 31, 1997.

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